

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**April 9, 2007**

**TO:** Honorable Judith Zaffirini, Chair, Senate Committee on S/C on Higher Education

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE: SB578** by Ellis (Relating to a limitation on increases in the total amount of tuition charged by public institutions of higher education.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB578, As Introduced: no impact through the biennium ending August 31, 2009.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**General Revenue-Related Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2008	\$0
2009	\$0
2010	\$0
2011	\$0
2012	\$0

**All Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Revenue Gain/(Loss) from <i>Institutional Funds</i> 997</b>
2008	(\$12,493,242)
2009	\$0
2010	(\$13,145,783)
2011	(\$49,767,195)
2012	(\$91,000,713)

**Fiscal Analysis**

The bill would amend Section 54.0513, Education Code by capping tuition increases at 5 percent annually. Students who paid more in tuition during the fall of 2007 than a similar student paid in 2006 would be refunded all tuition paid in excess of the cap.

**Methodology**

Although the bill would have no impact to General Revenue, it would reduce increases to designated tuition and result in a loss of institutional funds. The impact of the designated tuition loss to institutions is estimated, based on the latest tuition and fee increases.

Using information filed in the Legislative Appropriations Request, it is assumed tuition increases for 2008 will be an average of 6.1 % in fiscal year 2008 and 2.3% in fiscal year 2009. Therefore, there would be a loss of institutional funds in the amount of \$12.5 million in 2008 and no loss of revenue in 2009. For fiscal years 2010-12 an average annual increase of 7.7% per year in designated tuition is anticipated based on the average increase from 2007 through 2009. Using these estimates, the bill would reduce institutional funds by an estimated \$13.1 million for fiscal year 2010, \$49.8 million for fiscal year 2011, and \$91 million for fiscal year 2012. The total loss between 2008 and 2012 is estimated at \$166.4 million.

### **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration, 758 Texas State University System, 781 Higher Education Coordinating Board, 783 University of Houston System Administration

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